

30/09/2025

- ⇒ **Iron ore Fe62% CFR China:** Our view is short-run **Neutral**. During the reporting week, the index declined due to steel mills largely completing their restocking and futures investors reducing positions to avoid risks ahead of the golden week in China. Meanwhile, downside support remained relatively stable.
- ⇒ **Rebar 25mm Shanghai:** Our view is short-run **Neutral**. Apparent consumption of rebar saw a minor increase again, yet the momentum remains insufficient. The anticipated peak season demand in September failed to materialize, leading to weakened expectations for October. However, a robust round of demand is anticipated to emerge in the post-holiday period.
- ⇒ **Hard Coking Coal FOB Australia** Our view is short-run **Neutral**. Domestic coking coal and coke prices declined, while seaborne coking coal remained stable, with few transactions.

Prices Movement	30-Sep	23-Sep	Changes %	Sentiment	
Iron Ore Fe62% CFR China(\$/MT)	103.45	106.75	-3.09%	Neutral	-
Rebar 25mm Shanghai (Yuan/MT)	3219	3225	-0.19%	Neutral	-
TSI FOB Premium Hard Coking Coal (\$/mt)	190.2	188	1.17%	Neutral	-

Ferrous Market:

Last week, iron ore prices traded sideways. Approaching the National Day holiday in China, risk aversion sentiment intensified in the futures market. Steel mills completed their pre-holiday restocking. Iron ore prices had approached their yearly highs, but experienced a noticeable price decline after Friday. Despite this, the room for further downside in iron ore prices is expected to be limited. Blast furnace hot metal output at steel mills increased by 13,400 tonnes from the previous week to 2.42 million tons and there could be some potential for future increases. October still falls within the traditional peak construction season, and this could provide fundamental support. On the other hand, considering the current loose supply-demand balance in steel products and the poor profitability of steel mills, if the post-holiday downstream demand proves to be mediocre, hot metal output might decline by mid-to-late October. This factor coupled with the beginning of operations at the Simandou project in November might increase pressure on iron ore prices.

The apparent consumption of steel showed further recovery. Last week, the apparent consumption of the five major steel products reached 8.74 million tons, an increase of approximately 240,000 tons from the previous week. Inventories also shifted to a destocking phase for the first time since July. However, the momentum is relatively weak compared to the same period in previous years, which basically confirms that the market's earlier expectations for September have fallen short. After the golden week, downstream sectors remain within the traditional peak demand season. There will be a period of concentrated work resumption driving up demand for rebar, but this is expected to be short-lived. In the medium to long term, due to funding constraints in downstream industries, rebar is likely to return to a weak trend.

Ferrous Market(Cont'd):

According to a Xinhua News Agency report, the Fourth Plenary Session of the 20th Central Committee is scheduled for 20-23 October, which may bring new economic stimulus measures to the market. Expectations of such stimulus will also provide support ahead of the meeting.

Additionally, copper prices have surged recently following an incident at a mine in Indonesia. Some speculative sentiment may spill over from non-ferrous metals to ferrous metals futures.

The offer for hot-rolled coil (HRC) at Tianjin Port was lowered by \$5/ton to \$480/ton following the decline in domestic futures prices. The recent weakening sentiment in the domestic steel market has also led to strong wait-and-see attitudes among buyers in the export market, with few transactions concluded. Due to Vietnam's anti-dumping investigation into Chinese products, Indonesian HRC has partially replaced Chinese HRC in certain markets, with recent stable trades totaling 250,000 tons of 3mm HRC concluded at \$503-508/ton CFR Vietnam. Procurement of steel billets in Southeast Asia and flat steel products in the Middle East remained sluggish ahead of China's holiday, as buyers preferred to wait for clearer market direction after the holiday.

Additionally, according to Reuters citing Germany's Handelsblatt, the European Commission plans to impose tariffs of 25% to 50% on Chinese steel and related products in the coming weeks. However, based on 2024 data, China's steel exports to the EU account for only 4% of total exports, meaning the impact on China's steel industry would be limited even if implemented. Meanwhile, US President Trump announced new high tariffs on a range of imported products effective 1st October, including a 50% tariff on kitchen cabinets, bathroom vanities, and related building materials, and a 30% tariff on imported furniture.

Last week's global iron ore shipments surveyed by Mysteel reached 34.75 million tons, up 1.51 million tons WoW. Combined shipments from Australia and Brazil reached 28.64 million tons, up 0.91 million tons WoW, with Australian shipments at 20.28 million tons, up 1.09 million tons WoW and Brazilian shipments at 8.36 million tons, down 0.18 million tons WoW. Shipments from Australia and Brazil have remained at high levels, though they are expected to decline seasonally after October. On the news front, Australian miner Mineral Resources has completed a road transport upgrade at its Onslow Iron project in the West Pilbara, restoring full-speed haulage. The project, with an average iron ore grade of 56.3%, set a monthly shipment record of 3.2 million tonnes in August this year. China's 45-ports iron ore arrivals down 1.47 million tons WoW to 26.04 million tons. China's iron ore port inventories at 45 major ports increased by 1.99 million tons WoW to 140.00 million tons, while daily port evacuation volumes decreased by 27,700 tons to 3.36 million tons. In the last week before golden week, steel mills completed their final restocking, keeping the port evacuation volumes near a yearly high.

Data Sources: Bloomberg, Platts, Fastmarket, Mysteel, Kpler, FIS

FIS Ferrous Weekly Report

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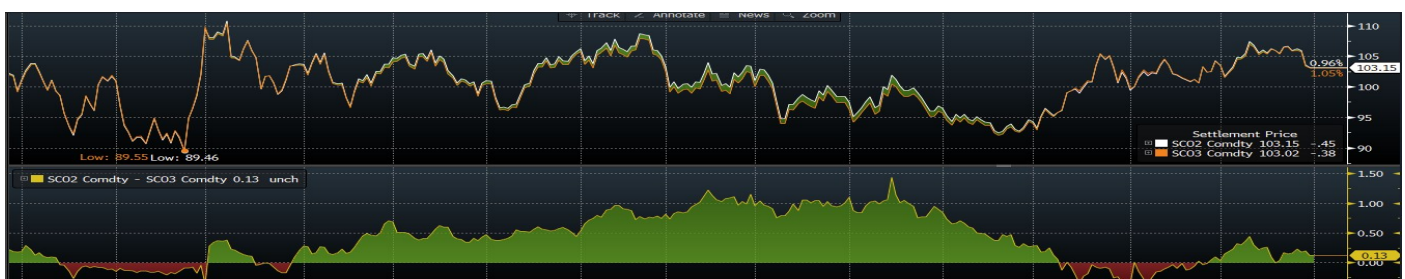
Ferrous Market(Cont'd):

During the reporting week, seaborne transactions were mainly concentrated in medium-grade iron ore fines. Last Tuesday, three cargoes of 170,000 tones of PBF were traded, after which liquidity slightly weakened but several cargoes were still concluded, including mainstream medium-grade fines such as MAC fines and Newman fines. In the low-grade segment, one cargo of 90,000 tones of 58.2% FBF was traded. In contrast, demand for high-grade fines remained weak due to narrowing steel mill margins. Xiangyu (Singapore) offered one cargo of 200,000 tones of Carajás fines at \$119.75/mt; the last market transaction for Carajás fines was recorded on September 8 at \$122.65/mt. Demand for lump ore also softened, with the lump premium declining from +\$0.1840/dmtu at the beginning of the month to +\$0.1540/dmtu. During the week, one cargo of PB lump was traded at \$113.45/mt, and one cargo of Newman lump was traded at a premium of +\$0.1675/dmtu, with the transaction price already excluding the C5 freight cost.

After a previous rebound, coking coal prices have retreated as profits narrowed at coking plants and steel mills, leading to weaker downstream acceptance of high-priced cargoes. Additionally, futures prices declined due to risk-off sentiment, dragging down spot prices. Some steel mills in Hebei, Tianjin, and other regions implemented the first round of procurement price increases. With hot metal output remaining high, coking coal demand remains stable, leading to reluctance to sell among coking plants. However, there is also a risk that post-holiday steel performance may be mediocre, ultimately transmitting pressure back upstream to coking coal. Furthermore, market rumors emerged last Friday suggesting that the China Coking Industry Association had convened an industry meeting and recommended industry-wide production cuts. However, the association later clarified that these claims were false, stating that unauthorized individuals had misused the association's name to disrupt market order. It emphasized that it had never issued or authorized any notices or initiatives regarding "mandatory production cuts" or "joint price hikes," which to some extent amplified recent volatility in coking coal and coke futures.

Australian seaborne coking coal remains lackluster, though occasional transactions have occurred driven by demand from Indian steel mills. This week, one cargo of PMV Goonyella coking coal was traded at \$191.10/mt FOB, up \$1.60 from a week ago. Converted to Chinese port prices, this equates to approximately 1,700 yuan/mt, leaving a modest import margin. For Mongolian coal, in accordance with bilateral agreements, the three major import ports—Ganqimaodu, Ceke, and Mandula—will be closed from October 1 to 7, 2025, resuming normal operations on October 8. According to Mysteel statistics, this closure is expected to impact imports by approximately 1.88 million tonnes. Traders are holding firm on prices, leading to limited actual transactions.

Our view for Iron ore is short-run neutral. For coking coal FOB Australia is short-run neutral .

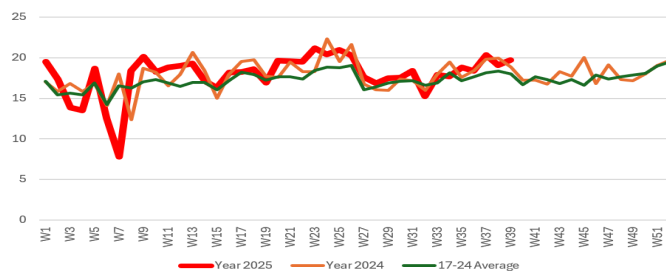


Data Sources: Bloomberg, Platts, Fastmarket, Mysteel, Kpler, FIS

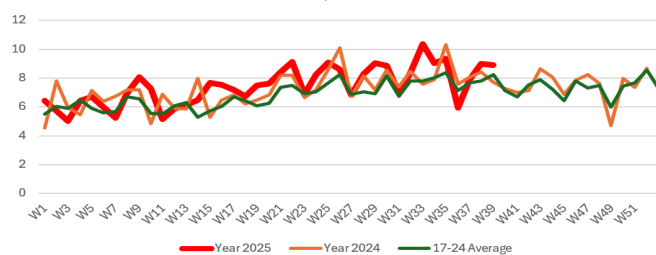
Iron Ore

	Last	Previous	% Change
Platts 62% Fe (Dollar/mt)	103.45	106.75	-3.09%
MB 65% Fe (Dollar/mt)	118.62	122.08	-2.83%
Capesize 5TC Index (Dollar/day)	29228	27903	4.75%
C3 Tubarao to Qingdao (Dollar/day)	25.755	24.845	3.66%
C5 West Australia to Qingdao (Dollar/day)	10.575	10.775	-1.86%
Billet Spot Ex-Works Tangshan (Yuan/mt)	2990	3050	-1.97%
SGX Front Month (Dollar/mt)	105.32	105.70	-0.36%
DCE Major Month (Yuan/mt)	813.5	823.5	-1.21%
China Port Inventory Unit (10,000mt)	13,657.90	13,790.38	-0.96%
Australia Iron Ore Weekly Export (10,000mt)	1,971.00	1,905.00	3.46%
Brazil Iron Ore Weekly Export (10,000mt)	892.00	900.00	-0.89%

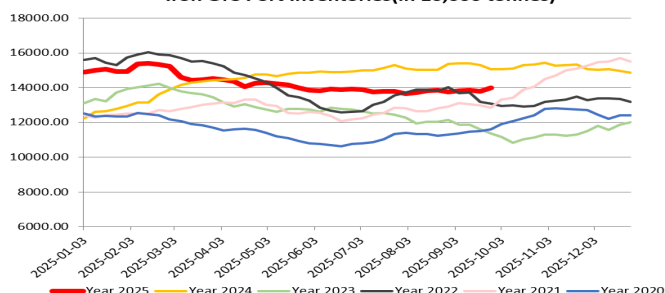
Iron ore Export from Australia



Iron ore Export from Brazil



Iron Ore Port Inventories(in 10,000 tonnes)



MB 65 - Platts 62(\$/mt)

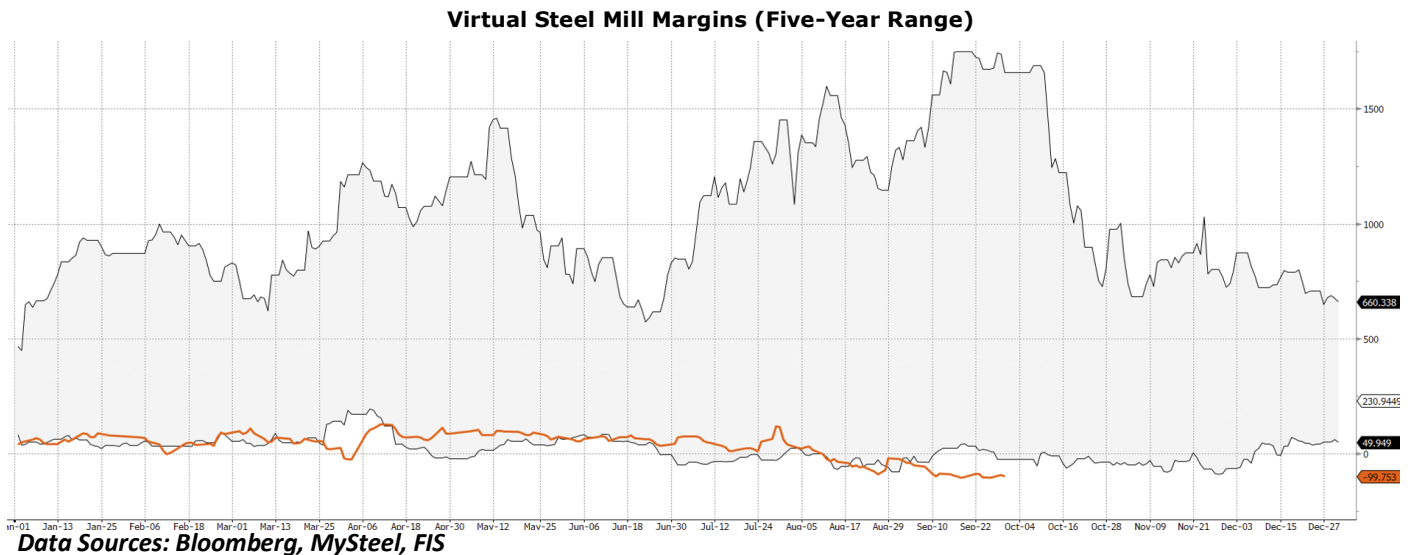
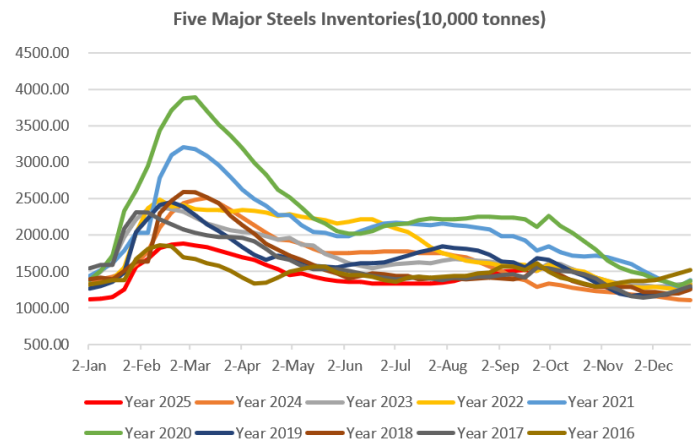
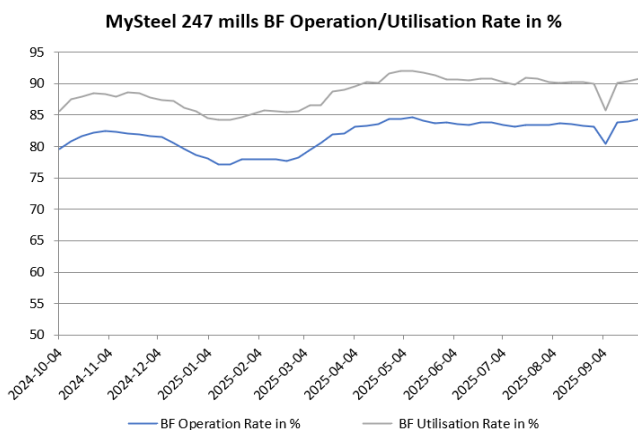


Iron Ore Key Points

- Iron ore shipments from Australia and Brazil remained at high levels this week. They are expected to decline seasonally after October.
- Steel mills rushed to complete final restocking ahead of the holiday, keeping the port evacuation volumes elevated levels.
- Recent demand from steel mills has been concentrated in medium-grade iron ore fines, with the M65-P62 spread fluctuating within a narrow range.

Steel

	Last	Previous	% Change
US HRC Front Month (Dollar/mt)	805	812	-0.86%
LME Rebar Front Month (Dollar/mt)	536.5	541	-0.74%
SHFE Rebar Major Month (Yuan/mt)	3050	3069	-0.62%
China Hot Rolled Coil (Yuan/mt)	3410	3425	-0.44%
Vitural Steel Mills Margin(Yuan/mt)	-99	-88	-12.50%
China Five Major Steel Inventories Unit (10,000 mt)	1510.61	1519.74	-0.60%
Global Crude Steel Production Unit (1,000 mt)	77400	79700	-2.89%
World Steel Association Steel Production Unit(1,000 mt)	145,300	150,100	-3.20%



- Apparent rebar demand has shown further improvement, with inventories of the five major steel products shifting from accumulation to decline for the first time since July. However, the pace of destocking remains weaker compared to previous years, leading to a pessimistic market outlook for October. Consequently, virtual steel mill margins have narrowed, falling from -88 yuan/ton last week to -99 yuan/ton.
- The daily hot metal output of 247 steel mills has seen a slight increase again. When benchmarked against the yearly high, there remains some room for further growth. However, considering the current poor profitability of steel mills, if steel demand fails to improve by mid-to-late October, it may see a decline.

Coking Coal

	Last	Previous	% Change
TSI FOB Premium Hard Coking Coal (Dollar/mt)	190.2	188	1.17%
Coking Coal Front Month (Dollar/mt)	187	187	0.00%
DCE CC Major Month (Yuan/mt)	1037	1029.5	0.73%
Top Six Coal Exporter Weekly Shipment(Million mt)	6.62	5.70	16.14%
China Custom total CC Import Unit mt	10,162,203	9,623,045	5.60%

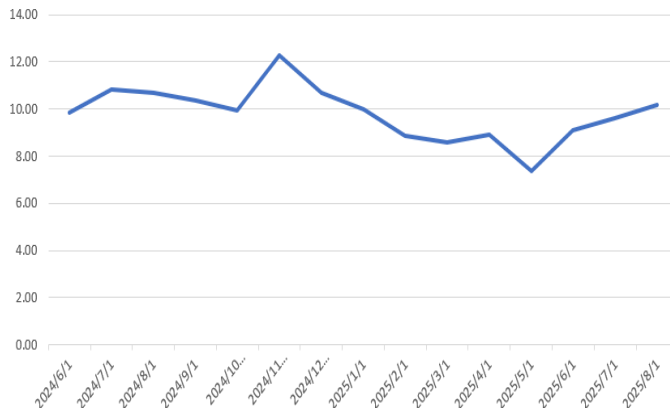
Coking Coal Front Month Forward Curve



Coal Key Points

- Domestic coking coal prices have been relatively stable, showing a slight decline at the end of last week as restocking by coking plants and steel mills concluded. With the coke price increase successfully implemented, coking coal is expected to remain well-supported in the short term after the holiday.
- The seaborne coking coal market remains subdued, with one cargo of PMV Goonyella coking coal traded at \$191.10/mt. While this price translates to a theoretical profit margin when delivered to Chinese ports, interest from China is expected to remain low.
- The Mongolian coal import ports will be closed during the China National Day holiday, with traders maintaining strong price support sentiment, leading to limited transactions.

China Custom Total CC Imports(million tonnes)



Data Sources: IHS Commodities at Sea Service, Bloomberg, FIS

FIS Ferrous Fact Sheet

Australia HCCLV Peak Downs: An important hard and low volatility coking coal benchmark brand in Australia with prime quality and higher price.

Backwardation Market: when futures prices are lower than the underlying physical prices or front months are higher than deferred months contracts.

Contango Market: when futures prices are higher than the underlying physical prices or front months are lower than deferred months contracts.

Cost Saving Strategy: refers to steel mills focusing on lower variable costs to maintain profit margin.

Ferrous Industry Chain: Upstream materials included iron ores concentrates/lumps/pellets, scrap/pig iron/HBI/DRI, Coking coal, semi-soft coals or other coals, Ferroalloys, and different furnace or EAF materials. Midstream commonly refers to semi-finished steels, including crude steels, or finished steels, structured steels, flat steels, HRC/CRC, rebar, etc. Downstream meant the end-users of steels, including housing, infrastructure, auto-making, energy market, shipbuilding, housing appliances, containers, and mechanics.

Flat Steel: Finished steels are categorised by wide-belt and narrow belts—normal flat steel including hot-rolled steel or cold-rolled steel. Downstream markets are auto making, electrical appliances and thin and flat steel-using industries. Flat steels are the most active international trading steel type.

Iron Ore Lump: Natural bulks iron ore. Lumps are directly added to a blast furnace, which has premiums to iron ore concentrates.

Iron Ore Pellets: Semi-processed iron ore to make concentrates into pellets after sintering. Pellets are acidic, which adjusts the acidity and alkalinity of a blast furnace. Pellets have premium to iron ore concentrates.

Long Steel: Finished steel, including wire rods and rebar, is generally related to the housing building market.

More or Less Clause: Trade Terms. In iron ore seaborne trading, the weight could differ from loading to arrival ports because of increased moisture rates. For example, some customs accept a 10% maximum moisture rate on some brands of iron ore. In steel trading by trucks or trains, there is usually a certain percentage of weight difference tolerance between quality test and contract.

Rebar 25mm Shanghai: The most volatile physical steel product traded in China and the major exported brand. SGX's rebar contract was highly correlated to this physical brand.

Steelmaking Process: The process typically included the BF-Converter process and EAF process. The U.S. and West Europe are using EAFs. Pig iron/scrap is a significant input for EAFs. China, Japan, and India are using BF-Converter majorly. The materials include iron ores, cokes, and coking coals.

SGX—DCE Difference: The SGX settlement price minus the DCE value after normalised by VAT, ferrous grade, and foreign exchange.

Virtual Steel Margin: Calculating the futures steel margins by a complex of rebar, iron ore and coking coal to represent the leading indicator of physical steel margin.

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